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Report of the UNCTAD Public Symposium

Report on the fifth UNCTAD Public Symposium – A better world economic order for equality and sustainable development post-2015*

Introduction

1. In connection with the fiftieth anniversary of UNCTAD, the fifth UNCTAD Public Symposium, organized in cooperation with the United Nations Non-Governmental Liaison Service and other partners, took place in Geneva, Switzerland from 18 to 19 June 2014. Focusing on a better world economic order for equality and sustainable development beyond 2015, the Symposium explored how widening inequality posed a challenge to sustainable development.

2. Through a combination of high-level plenary sessions and a series of breakout sessions attended by member States, representatives of civil society and international organizations, and other stakeholders, the Symposium provided a platform for sharing views, advice, experiences and knowledge on the macroeconomic dimensions of inequality and for identifying best policy practices to tackle problems associated with growing inequality.

I. Plenary sessions

A. Opening

3. Mr. Triyono Wibowo, Ambassador and Permanent Representative of Indonesia to the United Nations and other international organizations in Geneva and President of the Trade and Development Board, opened the Symposium. He emphasized the need to analyse the root causes of inequality and find a solution to alleviate the suffering of young people in

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the rising tide of unemployment. Development must be shared by all and must not jeopardize the living standards of future generations. It was important to enshrine those principles in a transformative and sustainable development agenda and post-2015 sustainable development goals.

4. There was a need to work together to address development challenges and find a global response to sustainable development concerns. The wide range of participants representing trade unions, non-governmental organizations (NGOs), academia, parliamentarians, governmental and intergovernmental organizations and others offered a wealth of knowledge and ideas to draw upon.

B. Round table 1: Macroeconomic dimensions of inequality

5. The first plenary session was moderated by Ms. Deborah James, Director of International Programmes, Centre for Economic and Policy Research, United States. The panellists included Mr. Mukhisa Kituyi, Secretary-General of UNCTAD; Mr. Supachai Panitchpakdi, former Secretary-General of UNCTAD; Mr. Guy Ryder, Director-General, International Labour Organization; Ms. Claire Melamed, Head of Growth, Poverty and Inequality Programme, Overseas Development Institute; Mr. José Antonio Ocampo, Professor, Columbia University; Ms. Esther Busser, Deputy Director, International Trade Union Confederation; and Ms. Jayati Ghosh, Professor, Centre for Economic Studies and Planning, Jawaharlal Nehru University.

6. The discussion focused on how growing income inequalities within and between countries translated into insufficient aggregate demand and increased reliance on unsustainable debt-driven consumption. At the same time, the boom-and-bust cycles that had plagued the global economy in recent decades and the asymmetric recessional measures applied to tackle global imbalances had worsened inequalities, led to mass unemployment and generated public protests against injustice worldwide. This segment of the Symposium examined these and other aspects of inequality related to trade, finance, investment and technology.

7. The world had undergone tremendous economic transformation fuelled by economic growth and technological advances over recent decades. These developments had transformed the way the countries, institutions and individuals interacted globally, which had also had an impact on the economic and societal landscapes. Many of these changes were brought about by development policies that promoted economic growth as a means of reducing poverty and inequality.

8. According to conventional wisdom, greater economic growth would translate into better living standards for all, and increased global prosperity would serve to "lift all the boats". However, higher rates of growth had been accompanied by rising levels of inequality. There was consensus among the participants that growing global inequality had become a major trend among countries (inter-country inequality) and within countries (intra-country inequality). Many countries had experienced a significant increase in inequality over the past few decades, and the gap between the richest and the poorest countries had widened considerably.

9. One panellist said that for the first time in history, intra-country inequality might be even higher than inter-country inequality, so that income distribution within countries explained about half of the difference in living standards of people around the world. Another panellist stressed that inequalities between countries not only remained historically significant but still accounted for the larger share of those differences, particularly when trends in China were examined separately.

10. Global wealth was increasingly concentrated in the hands of the few. Statistics showed that the top 1 per cent owned 20 per cent of total global wealth – the top 1 per cent had gained from globalization, while the bottom 5 per cent of the world population had not experienced economic growth. The problem was further exacerbated by big corporations putting profits before social welfare, employment and the environment.

11. Panellists called for UNCTAD to consider several issues. The first to be considered was the rules on investment. They were often investor friendly and had limited national policy spaces in dealing with negative social and environmental effects. The second issue was tax shifting. The 10 largest corporations the United States of America paid an average tax rate of 10 per cent, and some corporations either shifted taxes or paid no taxes at all, depriving governments of much-needed revenue. Participants encouraged UNCTAD to strengthen its work on debt-related issues, including proposals for an independent and fair sovereign debt crisis resolution mechanism, made all the more pressing by the recent wave of debt crises, now also affecting developed countries.

12. One of the main drivers of inequality was the increase in globalization of trade and the entry of China and India to the world economy, which had affected the global supply chain and inequality. However, empirical evidence showed that some developing countries in Latin America had been able to reduce inequality, while globalization and economic growth increased. Another cause of inequality lay in the reduced demand for labour brought about by technological advances, which put pressure on wages. On the other hand, technology could also generate employment and better welfare for workers. Yet these two reasons alone were not sufficient to explain the increase in inequality across the world.

13. An important cause of inequality in the institutional environment was the growing power of financial interests. Rising finance had coincided with the shrinking of the policy space for developing and developed countries alike. The globalization of finance had played a dramatic role in increasing the power of capital relative to labour. Conventions arising from the power of finance had led to deregulation and limited the role of the public sector. Governments had relinquished control over assets, not just financial but broader public assets, including taxable assets and natural resources. Governments were failing to play a redistributive role, and power was shifting away from communities to corporations. This anti-democratic trend was a common theme running throughout the discussion.

14. Some 1.2 billion people were still living in extreme poverty, and many children died from malnutrition before the age of five. Some panellists were of the view that inequality, growth and poverty were intertwined. It was not possible to discuss policies to end poverty without tackling the sources of inequality. To better inform government policies, it was important to understand the determinants of poverty and income inequality, including the roles of ethnicity, race, gender, geography, education and wealth of parents.

15. Citing household survey data, one panellist said that people who lived in extreme poverty generally belonged to ethnic minority groups, highlighting the importance of group-based inequality within countries for government policies. However, only some governments took measures to overcome structural inequality, while others did not. It appeared that some countries knew the least about those who were most in need.

16. Many participants shared the view that a high level of inequality was damaging for growth. There had been evidence that high inequality was associated with lower growth and aggregate demand, and that it contributed to slowing down global economic growth. Governments should not promote growth at the cost of equality since the combination of economic growth and structural equality appeared feasible.

17. When the role of institutions was ignored, the global and technological factors of production became automatic processes that devalued the role of policy altogether, under the false assumption that economies were entirely structured by markets. These were not

irremediable causes because many countries had reduced inequalities, despite globalization and increased technology; moreover, surpluses generated from production were usable for social priorities determined by social needs and political consensus.

18. Inclusive State policies and participation in the economy were conducive to strong political participation. Indeed, it was a fundamental right to participate in the economy and determine how participation in the economy was rewarded.

19. Institutions at the sectoral level had a strong influence on macroeconomic policies. Ministries of labour, for example, were often marginalized. Policies determined by other ministries where labour was not sufficiently represented, particularly finance ministries, had great impact on the labour force and participation in general.

20. Democratic ideals were vital not just at the country-level, but at the international level as well. Representatives of civil society expressed frustration at the limited space for its participation. In many international bodies, northern NGOs dominated the scene. They also expressed dismay at the undemocratic control of the media. Corporate control allowed only a minute space for public concerns associated with inequalities in economic and political participation. At the international level, the governance of the international trade and financial institutions was inadequate and only narrowly reflected the voice of developing countries.

21. Many participants stressed that problems of inequality all came down to policy choices. Policy discussions were increasingly dominated by corporate interests. The public discourse could benefit considerably from a greater presence of civil society, unions and the broader public. Government incentives, including tax breaks for large corporations and wealthy individuals, contributed to unequal outcomes. Tax reforms and redistributive polices should be adopted if progress were to be made towards reducing inequalities.

22. Policy space was a recurring topic in the debate. Restrictions on governments imposed by existing global macroeconomic structures that inhibited countries from acting included bilateral investment treaties and limitations placed on capital controls by the International Monetary Fund. Further, international rules in trade and investment agreements often restricted the ability of governments to implement policies in the public interest. Increasingly, governments had relinquished their control over their assets, losing a source of taxation.

23. Perhaps growing inequality was not surprising in light of the fact that markets were not designed to produce optimal outcomes for the greater good. Moreover, private interests were often prioritized or over-represented in the formulation of government regulations at the cost of the public good. Public interest needs should be placed at the top of the agenda to ensure countries achieved sustainable and equitable development. It was clear that economic and social structures were not functioning properly and that the current system was prone to crises where citizens remained unprotected. Citizens around the globe were still paying for the 2008 financial crisis. Financial institutions should be regulated in the public interest. Citizens remained unprotected from future crises, and public monies were likely, once again, to be used to protect the interests of the financial elite.

24. The importance of social structures and social protection was raised repeatedly in numerous contexts as an important component of the reduction of inequality. In particular, attention to universal health care, access to education, elimination of hunger and alleviation of youth employment were priority areas because they should be considered human rights to which all were entitled. Simply demanding the provision of social protection did not suffice, as countries needed the necessary fiscal space to deliver such services. Further, the growth of corporate power in decision-making had contributed to tax systems that had failed to play a redistributive role.

25. One of the drivers of increasing inequalities was associated with labour concerns. Wages had not kept up with productivity and growth. Growing inequalities could be attributed to restrictions on collective bargaining, the long-term secular decline in the wage share of income in favour of profits, conditions in the informal working sector and regressive taxation models. In addition, there were large asymmetries in bargaining power between large buyers and small producers.

26. Inequality should be addressed alongside human rights, peace, security and sustainability as a cornerstone of the post-2015 agenda. The United Nations had a responsibility to bridge the gap between the haves and the have-nots. However, there was a risk of globalization being used as a pretext to paralyse policymakers into inaction.

27. The global development agenda should resume its focus on the causes and effects of inequality. Decent work was a universal goal that should be reflected in post-2015 arrangements. Universal social protection in the form of health care, education and jobs was not a utopian dream. The resources existed; it was a matter of mustering political will to reallocate and redistribute resources.

28. Official development assistance levels had stagnated. Indeed, attaining the 0.7 per cent target of gross domestic product was important. There was also a need to share knowledge and technology; aid flows should, therefore, support the productive capacities of developing economies. Under the Doha Mandate, UNCTAD had been designated as a key international multilateral institution to create a favourable global economic environment.

29. With increased attention placed on the post-2015 agenda, the international community could gain traction in the following areas:

(a) Addressing the lack of information and accepting with a degree of humility the level of uncertainty that existed;

(b) Creating structures that helped the most vulnerable and left no one behind;

(c) Establishing a global consensus on redistributive policies, social protection floors and building blocks for a more inclusive system.

C. Round table 2: From best policy practices to global transformation

30. The session was moderated by Mr. Shawn Donnan, *Financial Times* World Trade Editor, United Kingdom of Great Britain and Northern Ireland. The panellists were Mr. Rubens Ricupero, former Secretary-General of UNCTAD and former Minister of Finance, Brazil; Mr. Martin Khor, Executive Director, South Centre; Ms. Deborah James, Director of International Programmes, Centre for Economic and Policy Research, United States; Mr. Roberto Bissio, Global Coordinator, Social Watch Network, Uruguay; and Mr. Zhongxiu Zhao, Vice-President, University of International Business and Economics, China.

31. The second plenary session focused on finding solutions by discussing successful policy practices and development strategies that could be replicated in other countries.

32. One panellist said that civil society was the strength of UNCTAD. To fight inequality and poverty, there must be political power and political will. Leaving political decisions to groups in power meant that the choices made would benefit those in power, not those in need. For example, many Latin American countries, Brazil, in particular, were moving in an opposite direction from other parts of the world in terms of managing policies that reduced inequalities. It was important to determine whether that type of development was sustainable in the face of economic slowdown and reductions in public revenue to fund

redistribution programmes. A key dimension of long-term sustainability of social programmes was stronger economic performance through higher productivity.

33. Another panellist said that low commodity prices often led to external debt crises, and that the institutional solutions were often inappropriate. One reason why Asian countries seemed to do much better than African countries was that they were not subject to unsuitable policies of the World Bank or the International Monetary Fund. Furthermore, there must be a debt relief reform for developing countries as well as immediate short-term cash injections on a national level. The latter had been successfully implemented in Brazil, although it was not yet clear whether the improvements would be sustainable. To halt the increasing exploitation of minerals and natural resources, it was important to keep commodity prices high, with a focus on commodities and manufacturing. For the real economy to remain stable, its currency and capital flows must also be kept stable. Loan conditions must be reviewed, and appropriate trade rules must be set so that developed and developing countries alike could benefit.

34. One panellist said that China was making a gradual transition to a market economy, and that harnessing technology spillovers had played a major part in its export-led growth. Strong partnership between government, business, labour and, increasingly, civil society had helped drive investment in skills and capital, and now in social protection – a model that could be adopted by other developing countries.

35. More than 100 million workers had moved from rural areas to towns, benefiting from trade between China and the rest of the world. For the past 30 years, the trade map, global production networks and the value chain had changed dramatically. Unskilled workers had acquired skills through on-the-job training. However, there were still challenges to be overcome. Apparently not everyone in China had benefited from globalization. Better social protection policies were necessary, and businesses needed to adopt social responsibility practices.

36. Another panellist shared poverty reduction strategies and measures that had been successfully implemented in Uruguay. Cash transfer programmes had been implemented since 2005. However, a crucial component of the programmes was the reinstatement of collective bargaining, which had led to growing salaries over time, that is to say, the minimum salary had doubled. In addition, the formalization of all workers was imposed throughout the country, including in rural areas. Income tax measures were implemented, and the rights to maternal and paternal leave and universal health insurance were also recognized. Collectively, these policies and initiatives led to poverty reduction, domestic-led growth and an increase in investment, contrary to the notion that workers' rights must be curtailed to induce investment.

37. Some panellists said that inequalities in the international environment were caused by restrictive conditions imposed on developing countries bound by investment treaties and the amassing of foreign debt. Many developing countries faced constraints from prohibitive trade rules that prevented these countries from instituting the necessary measures to eradicate poverty.

38. A major issue was the restricted policy space for developing countries, particularly in relation to bilateral investment treaties, the General Agreement on Trade in Services and the proposed Trade in Services Agreement. The Plurinational State of Bolivia, for example, had a new constitution recognizing the universal right to health care. Based on the consideration that the right would be compromised if foreign health care companies obtained unrestricted access to the country's market, the Bolivian Government attempted to renegotiate the relevant part of its World Trade Organization (WTO) agreement. However, the country faced opposition from developed country members of the Organization, including the United States. Developing countries needed more policy space to improve

wages, raise tax revenue and provide social protection to the poorest sections of the population.

39. Several speakers said that the absence of an independent and fair sovereign debt workout mechanism placed heavy constraints on the policy space of developing countries. Those developing countries that had suffered a debt crisis due to external factors, whether a sharp drop in commodity prices or a hike in international interest rates, had been forced to divert public revenue to pay external debts at the expense of domestic investments. This had been illustrated by the decision taken recently by a judiciary body to undo the carefully negotiated debt restructuring that the Government of Argentina had undertaken after its 2001 financial crisis. The decision required Argentina's full repayment with interest to hedge funds that purchased Argentine bonds at a fraction of their original value. Argentina was ordered to pay the hege funds $1.33 billion.

40. A number of participants expressed concern that the court decision might push Argentina into default, with major ripple effects on other Latin American countries and the global financial system. One panellist noted that even the International Monetary Fund had expressed concerns that the ruling could make it harder for countries to restructure debt in the future.

41. WTO rules requiring developing countries to cut tariffs and subsidies, while the richest countries subsidized their own farmers, continued to be a major driver of inequality at the international level. The panel cited the position of India at the ninth WTO Ministerial Conference held in Bali in 2013. The Government of India wished to subsidize its small farmers and distribute food stamps that would be used by poor people to buy food from these producers. This had been opposed by a number of developed countries, but India and a coalition of developing countries were able to reach a "truce" in Bali, whereby this issue would be resolved by the next WTO ministerial conference.

42. Many of the strategies applied by industrialized nations to combat poverty were no longer viable for developing countries due to the constraints of current trade agreements. Public procurement was a powerful means of reducing poverty and has been used by developed countries to support domestic producers of goods and services, boost disadvantaged groups and regions, and improve the balance of payments. Strategic deployment of tariffs in certain industries, which could be useful for developing countries, was restricted by current trade rules.

43. The international policy environment should be more supportive of domestic policies to support poverty reduction. The representative of a civil society organization cited the example of Africa's mineral extraction industries. Economic and social objectives had not been a consideration when developing policies for this sector. As a result, multinational corporations had captured most of the value. Even when commodity prices had been rising, as they had during the past decade, most African countries had not seen the benefits of this boom translated into increased public revenues.

44. Governments needed more support to increase the backward and forward linkages of their minerals industry and implement policies that could help them become industrial economies. A recent World Bank study looked at how domestic procurement linked to the mineral base could boost diversification and create jobs, for example in manufacturing capital goods and equipment, industrial chemicals, and medicines. However, the Agreement on Trade-Related Investment Measures contained another set of WTO rules that could prevent local procurement. International trade policy and finance should support these poverty-reducing policies, and UNCTAD should help developing countries propose alternative global policies.

45. One speaker spoke of the vast inequality in lobbying power and political influence of transnational corporations and the finance industry. He said that despite the industry's

responsibility for the 2008 financial crisis, politicians had been unable or unwilling to rein it in and meaningfully change the rules under which the industry operated. It appeared that the finance industry and transnational corporations in many countries enjoyed de facto veto power over policies on investment, capital markets, trade and taxation. It was striking that while corporations ensured that trade rules and loan conditionality were binding, efforts to reduce poverty, such as the Millennium Development Goals and the proposed sustainable development goals, were not.

46. Another speaker said that businesses played an important role in creating value and finding solutions for society. Some 43 of the world's biggest companies had outlined steps to create a better society by 2020 in a plan called Action 2020. It was crucial to forge effective partnerships among all stakeholders in society, with every sustainable development goal supported by a partnership mechanism.

47. Areas where business should provide solutions included providing low carbon electrification aimed at increasing universal access to energy in a carbon-efficient way, creating more and better private sector jobs; promoting employment and entrepreneurship for the economically disadvantaged and encouraging companies to develop goods for these people.

48. The issue of philanthropy was also raised. According to an NGO report issued in January 2014, the richest 85 people in the world had the same wealth as the poorest 3.5 billion people. The wealthiest individuals in the world had not been affected by the global recession: indeed, their wealth had grown since 2008. They included a new class of wealthy individuals in Asia, and UNCTAD should work on policies providing incentives for them to invest more of their wealth in philanthropic activities.

49. One panellist said that philanthropy represented "business as usual". Official development aid, cash transfers from governments and philanthropy were all forms of charity that were used to tackle poverty, but not the structures that created it. Five policies could be considered as alternatives to the status quo:

(a) Unsuitable agreements between multinational companies and mineral exporters should be replaced with agreements giving more revenue to governments to invest in poverty alleviation;

(b) The flexibility of the Agreement on Trade-Related Aspects of Intellectual Property rights should be used to advantage to allow developing nations to buy cheap drugs, which would be more effective than using philanthropy to buy them expensive drugs;

(c) Focus should be shifted from continuing official development assistance to eliminating agricultural subsidies in northern countries, as such subsidies were responsible for the loss of livelihood of farmers in Africa and least developed countries (LDCs);

(d) Speculative finance, which caused recessions that disproportionately hit the world's poorest people, should be reined in;

(e) Agreement should be sought on a debt restructuring mechanism similar to those allowing companies to restructure and get back on their feet, which would be more effective than pushing countries further into debt, and eventually offering them debt relief.

50. The representative of an NGO warned that inequalities in the global financial system could drive a wedge between developed and developing countries. The BRICS group of large developing economies[1] had announced the establishment of its own development

[1] Brazil, Russian Federation, India and South Africa.

bank, and it was expected that the announcement of its own currency pool would soon follow. A new polarization in the world could be risky.

51. One delegate suggested focusing on young people and the values they received through education, politics and society. To fight inequality in the long term, societies should promote less individualistic behaviour, more solidarity, concern for the environment and less corruption.

52. Building political will to address the external conditions fuelling inequality was indispensable. The Bolivarian Alliance for the Peoples of Our America – Peoples' Trade Agreement was a good example of cooperation among developing countries that were willing to solve problems and explore complementarities on the exchange of goods and services.

53. The common thread running through the discussions was political will or determination, which was indispensable to address external conditions. Participants emphasized the role of civil society in helping to generate political will. A number of delegates expressed the need for civil society to come to a degree of consensus on alternative solutions that would help governments. Important steps had been taken in this regard through civil society recommendations on the post-2015 agenda presented to the General Assembly in September 2013 after a series of regional consultations on the issue. There were precedents, for example when civil society had successfully mobilized itself to block a poorly designed multilateral agreement on investment proposed by the Organization for Economic Cooperation and Development in the 1990s. Importantly, civil society organizations had a key role to play at UNCTAD.

D. Panel discussion: Equality and sustainable development – delivering with impact

54. The moderator of the last plenary session was Mr. Shawn Donnan, World Trade Editor of the *Financial Times*. The panellists were Mr. Mukhisa Kituyi, Secretary-General of UNCTAD; Mr. Supachai Panitchpakdi, former Secretary-General of UNCTAD; Mr. James Mwai, Director of Programmes, Fairtrade Africa, Kenya; Mr. Jean-Marc Hoscheit, Ambassador and Permanent Representative of Luxembourg to the United Nations and other international organization in Geneva; Mr. Abdul Samad Minty, Ambassador and Permanent Representative of South Africa to the United Nations and other international organizations in Geneva; and Ms. Iara Pietricovsky de Oliveira, Co-Director, Instituto de Estudos Socióeconomicos, Brazil.

55. As many member states wished to see the issue of inequality placed on the post-2015 agenda, the panel discussion focused on how equality and sustainable development could be delivered with impact, in particular by making projections about future work of UNCTAD and role in this context.

56. Panellists explored how to define the Organization's future role in reducing global inequalities. Global inequality had different sources. Historically, UNCTAD had worked in different regions, but should modify its approach beyond 2015. It was necessary to strike a balance between exports, internal demand and the protection of populations. Investments and improvements of global value chains were needed to promote the inclusion of LDCs in the world economy. Support was required not only for LDCs, but for landlocked developing countries as well. The work of UNCTAD should also include gender treatment. Further, in light of the outcomes of the United Nations Conference on Sustainable Development (Rio+20), the reduction of subsidies to fossil fuels and the need to invest in public transport and renewable products should be on the future agenda of UNCTAD.

57. Another panellist highlighted efforts being made to integrate civil society into the international debate. There was currently a deep crisis of governance and democracy, and the strength of UNCTAD lay foremost in partnering with civil society. UNCTAD had always played the role of the "conscience of the economy" in the United Nations system. To that end, it needed support from civil society.

58. The current system was not able to deal adequately with issues such as global warming, inequality and unemployment, which appeared to be the three most pressing problems of the twenty-first century. In addition, developments in international relations showed a shift to a multipolar world, which if operating outside the value system of the United Nations, could lead to disaster.

59. UNCTAD should not confine itself to a pragmatic approach. It should develop a holistic approach that included consciences, morals and ethics in international relations, and a willingness to listen to the voices of the LDCs, and poor and vulnerable countries. Just as human beings would be judged by how they had treated the weakest among them, the international community would also be judged by how it treated the weakest countries.

60. In the view of one panellist, the message of UNCTAD was that inequality was not only unjust, but also counterproductive.

61. There was a tendency to consider official development assistance less relevant and to focus instead on foreign direct investment. However, the former might still be important, given that some countries had encountered difficulties in attracting foreign direct investment, and certain public investments could not be substituted with private finance. Official development assistance was occasionally used for other purposes than originally intended, through creative accounting.

62. Another issue that required close monitoring was criminal and illegal resource-extraction in Africa. Indeed, while issues such as tax evasion and transfer-pricing were presently in the spotlight, one should not forget to look at resource extraction "at the source". Referring to a court ruling against a company from the European Union for environmental degradation in Nigeria, one speaker expressed the wish that such action should not be limited to developed countries and stressed that there was a need for effective penalties benefiting the real victims, not only States. Further, UNCTAD and the international community should strengthen assistance to small island developing States, given their vulnerability to climate change.

63. One panellist spoke of the role of social movements, and the dimensions and concepts of sustainable development, equity and equality. They were evolving concepts, although the international community did not appear to consider the concept properly. The evolving idea of new ethics and new moral goals of the development model had been lost.

64. Human rights were not sufficiently taken into account in the debate on equality and sustainable development. States had an obligation to respect human rights. Further, States should be strengthened through, inter alia, a financial transaction tax, to combat tax havens. Indeed, many countries had a regressive tax system based on inequality from the outset.

65. A new form of politics and democracy, characterized by transparency and inclusiveness with free access to information, was necessary to promote better governance and participation. The failure of several countries to meet their official development assistance commitments indicated the need to create a fair model of development cooperation that respected equity and equality, and took into account peoples' needs.

66. Another panellist said that farmers and other workers from Africa had not been integrated in global value chains, highlighting their "invisibility". They were not goal setters in the global trade system and had no way to respond to rules or to reset them.

67. Fair trade was not only about rulemaking by markets and consumers, but also by producers in developing countries. The political voice of those who were affected by global trading rules had to be heard.

68. With regard to sustainable development, domestic consumption should become more important, and a one-sided focus on exports should be overcome. It was important to enhance sustainable metrics. Sustainable communities were necessary for sustainable nations and a sustainable world. Private philanthropy used to resolve today's inequality could be likened to the "Robin Hood" concept of corporate social responsibility.

69. One speaker said that the private sector was set up to do business; it was therefore the role of the State to deal with issues of redistribution; the abdication of development responsibilities was not the way forward.

70. Small-scale mining in Africa and Latin America were by default labelled as illegal and excluded from the debate but they employed more people than large-scale miners. That was an issue that should be brought to the table.

71. Turning to other key issues, another panellist discussed the role of agriculture for developing countries in the global trading system. There was a need to eliminate agricultural subsidies, introduce duty-free imports for products from the LDCs and tackle hunger and food security.

72. African countries had pledged to foster their productivity to industrialize and diversify, and WTO rules should allow the necessary space for this process. Furthermore, investment treaties were too limited, as they prioritized the needs of developed countries. Such treaties should not compromise the policy space of developing countries.

73. Yet another panellist suggested that it would be wise to have an "idea-box" approach. UNCTAD was a place for dialogue between developing and developed countries.

74. Further, three key-words were brought to mind concerning the post-2015 development goals: first, "complexity", which referred to the challenge UNCTAD would have in shifting its focus from trade and macroeconomics to the environment, human rights, governance and research on inequality. Second, there should be a "search for coherence and convergence" in the definition of a global public good. The third was "differentiation", meaning that it would be necessary to differentiate UNCTAD analyses of responses according to the daunting challenges arising from the major changes affecting the global economy.

75. The notion of sustainable development goals had had its origins in Rio+20. The United Nations combined a traditional North–South development approach based on the Millennium Development Goals with a global development agenda geared towards all the countries of the world. However, these two approaches had been pursued separately in the past. This was a complicated approach, but could nevertheless be successful.

76. One participant said that the concept of disparity of wealth should be disseminated more effectively in the international community, adding that a "wealth decline" indicator should be adopted at the country level. This would have a signalling effect, lessening the inequalities of wealth. There was also a need for a universal information-sharing system accessible to all, which should be available in different languages, for in the era of human rights, the right to information was a human right.

77. Another participant said that middle-income countries had not been part of the discussion and that it would be helpful to know where they fit in the post-2015 approach.

78. Moreover, company law should be broadened to include all stakeholders, not only shareholders, so that companies would be responsible for the externalities they created. The corporate veil concept should not apply to the twenty-first century, as it allowed companies

to escape their share of responsibility. Several participants said that UNCTAD should strengthen its work with civil society on tax justice. Most corporations that relocated to developing countries were motivated by tax-planning reasons. Accountability and trust building should be ensured to include civil society poverty reduction strategies. One example was a new vision of Mexican agriculture that featured cooperation with local companies in the ongoing reform of Mexico's agricultural system.

79. In the ensuing wrap-up of the discussion, the following points emerged:

(a) All States had the obligation to use their maximum available resources to uphold human rights;

(b) There was a need to review concepts. With regard to the Millennium Development Goals, it should be kept in mind that the Millennium Declaration itself was not considered a 15-year target, but rather the foundation of a long-term commitment, both at the international and national levels;

(c) The marginalization of Africa was still a priority on the global agenda, and new targets should not be set at the expense of former ones;

(d) The current development framework was still missing a backbone of strong accountability and required radical transformation;

(e) UNCTAD was the venue for inclusive dialogue and should continue using an integrated approach. The run-up to the fourteenth quadrennial conference of UNCTAD to be held in Peru in 2016 should be used to develop a road map to deliver with impact on the equality and sustainable development agenda in the years to come.

II. Breakout sessions

A. Harnessing tax policies for greater equality: Examining recent progress in human right standards?

80. The discussion brought together human rights experts and economists to discuss the 2014 report on fiscal and tax policy of the Special Rapporteur on extreme poverty and human rights. The report outlined how human rights obligations, such as principles of non-discrimination and the duty to ensure maximum available resources for the fulfilment of economic, social and cultural rights, could be applied to tax policies. The discussion drew on the example of Argentina presented by the Centre for International Economy of the Ministry of Foreign Affairs, International Trade and Worship where increasing tax revenue had financed higher levels of social spending contributing to a fall in poverty levels and inequality.

81. Despite these positive examples, participants noted that the trend in tax policy remained regressive, coupled with the erosion of trade taxes and increasing reliance on indirect taxes. Moreover, the international tax system enabled tax avoidance by multinational corporations through tax havens – not as an exception, but as a normal way of doing business. Such regressive policies contributed to fewer investments in public services, leading to human rights violations and growing class and gender inequalities.

82. The panellists said that tax policy was inherently political and that progressive tax reform required a State that was capable and willing to negotiate and capture power from corporations and elites. Human rights mechanisms could be used to demand greater accountability from States with regard to regressive tax policies. Increasing collaboration between economic policy institutions such as UNCTAD and human rights experts could open new spaces and analyses at the multilateral level, just as national judiciaries and civil

society could play an important role in scrutinizing and reviewing tax policies against the human rights obligations of States.

B. New opportunities for UNCTAD in the post-2015 agenda – Towards optimal allocation of the world's resources for maximum global welfare and sustainable development

83. Participants discussed the pressing challenges to be met beyond 2015. Poverty among plenty, need amid unused resources, and destitution in the footpath of riches was not a new problem facing humanity. Yet, as stated in the report of the Secretary-General entitled "A life of dignity for all: Accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015",[2] the world's quest for dignity, peace, prosperity, justice, sustainability and an end to poverty had reached an unprecedented moment of urgency.

84. With regard to United Nations reform, more effective and efficient global governance mechanisms had been sought in recent decades to tackle the challenges of globalization in a hierarchically divided and profoundly interconnected globalized world. The need for some mechanism of transparent collaborative decision-making based on empirical evidence was more obvious than ever. This called for a reinforcement of UNCTAD relevance in the implementation of the post-2015 agenda.

85. Discussing globalization as a factor of peace, participants said that a new type of metrics would be needed, one that would account not only for the importance of profit and private cost–benefit consistency, but rather national, regional and global cost–benefit consistency. There was a need to develop research tools and mechanisms for participatory collaborative decision-making processes that would manage trade-offs and enable all development stakeholders to make informed choices on managing the process of globalization and plan future development policies of countries towards the achievement of the proposed sustainable development goals.

86. To overcome the contemporary challenges of globalization and redistribute its benefits, strong political commitment and institutional capacity would be necessary. It was essential to tap into the knowledge of all stakeholders, including not only governments, but legislators, academia, the private sector and civil society, and mobilize their efforts towards a harmonious reconciliation of the interests of people, the environment and markets. Public–private partnerships could help scale up and accelerate access to resources, specialized skills, innovations and know-how that were necessary to build, operate and maintain environmentally sustainable and people-centred globalization.

C. Alternative trade and finance for a solidarity economy

87. Participants examined an emerging development model increasingly being referred to as the "social and solidarity economy" (SSE). The movement, which included cooperatives, community-based initiatives, agro-ecological projects, community development banks and fair trade programmes, contributed to economic activities that created decent jobs, while seeking to meet social and environmental objectives. In general, it involved democratic economic management at the enterprise and community levels, and reinvestments in jobs and community projects, given that profit was not a primary motive.

[2] A/28/202.

88. Speakers provided several examples of supportive public policies to scale up SSE initiatives. The solidarity-based economy was recognized in the new constitution of Ecuador, and a specific law had been adopted under which SSE was described as a specific sector of the economy, alongside the public and private sector, with distinct legislative, institutional and financial support measures. In Brazil, for example, the Government had adopted a policy of targeting up to 30 per cent of public food purchases for schools and hospitals from small-holder farmers. In Quebec, a public–private fund had been set up to provide long-term affordable finance to SSE activities within a governance structure that would enable players in SSE to play a leading role.

89. Participants also cited examples of fair trade initiatives in Africa, where labelling schemes ensured economic, social and environmental sustainability of the production process. The growth of sales was in double digits, and increasingly goods were being adapted for local consumers within the region. Premiums from sales were being reinvested in community projects ranging from schools and hospitals, and used to improve productive capacities.

90. The work of UNCTAD on SSE focused on social entrepreneurship, a crucial missing link in the endeavour to achieve a more sustainable economy through product and process innovations that promoted environmentally sustainable and socially inclusive patterns of employment, consumption and economic participation.

D. Civil society and sustainable stock exchanges: How civil society can engage with capital market stakeholders to promote corporate responsibility and sustainable development

91. This session provided civil society, academia and other participants with an opportunity to learn how to engage with companies, investors, regulators and exchanges to promote corporate responsibility and sustainable development.

92. The keynote speaker outlined the key features of capital markets, demystifying jargon and complex financial mechanisms and giving participants guidance on how they could better engage. It was important to create positive synergies between civil society and capital market stakeholders and explore means of mainstreaming sustainable development issues in capital markets.

93. Participants' questions helped identify key capital market players that civil society could engage with, including asset owners, asset managers, mutual fund managers and corporate chief investment officers. A number of queries led to discussions of concrete examples of how to work on a particular sustainable development issue within financial markets. Participants said that NGOs, academia and civil society had a key role to play in promoting the integration of sustainable development into capital markets.

94. Participants discussed a number of responsible investment themes reflected in the *World Investment Report 2014*, which focused on how policymakers, corporate executives and civil society could better promote investment in the proposed sustainable development goals.

E. Threats to the post-2015 agenda from "trade"

95. While governments and civil society were discussing the post-2015 development agenda and sustainable development goals, other governments and corporations were engaging in negotiations that would seriously circumscribe the same policy space that would be necessary to implement such goals, through so-called "trade" agreements. In the

light of the newly released zero draft of the sustainable development goals, participants explored the following points:

(a) The need for developing countries to be given exceptions to WTO rules in order to take appropriate measures to ensure food security and thus achieve the sustainable development goals on hunger;

(b) How the liberalization of industrial tariffs, for example under the proposed expansion of the Information Technology Agreement or the proposed environmental goods negotiations, would make it more difficult to achieve various sustainable development goals, including those relating to decent work and sustainable industrialization;

(c) How an issue pushed by developed countries (trade facilitation) might become an "early harvest" agreement at WTO in a development round;

(d) The failure of the ninth WTO Ministerial Conference to reach a binding agreement on any of the issues of interest to LDCs, despite it being a development round;

(e) The failure to reach agreement on the implementation issues at WTO, many of which would help achieve the sustainable development goals;

(f) The importance of public services and the dangers of the proposed Trade in Services Agreement for public services, including the possible prevention of renationalization of failed privatizations, as had occurred in the water and other service sectors;

(g) The risks of European Union economic partnership agreements jeopardizing the achievement of sustainable development goals;

(h) How stronger intellectual property protection, such as that proposed by the United States in the Trans-Pacific Partnership, would make it harder to achieve the sustainable development goals on health.